



# ASRS REPORT

## ARIZONA STATE RETIREMENT SYSTEM

Paul Matson, Director  
3300 North Central Avenue, Phoenix, Arizona 85012  
[www.azasrs.gov](http://www.azasrs.gov)

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This report provides a briefing of news and notices important to our members, retirees and employer partners, as well as other interested parties. It is produced by the ASRS on a periodic basis and posted to the ASRS website. If you would like to receive an email notice when the next issue is posted, and you are not already on our email list, please contact us at [weeklyreport@azasrs.gov](mailto:weeklyreport@azasrs.gov), and provide your name, email address, telephone number and title and organization, if applicable.

*Happy Holidays from the Arizona State Retirement System!*

### ASRS News

#### Contribution Rates for next fiscal year

The Arizona State Retirement System will implement a slight increase in contribution rates for the 2007-08 fiscal year.

Based on an annual actuarial analysis of the defined benefit plan, health insurance premium benefit and long term disability program, the recommended total contribution rate will increase from 9.1 percent this year to 9.6 percent beginning July 1, 2007. Because the ASRS pension plan is a match plan, the contribution rate is for both the employee and the employer.

The ASRS Board of Trustees accepted the annual actuarial valuation at its November 17 meeting, which determined a contribution rate of 9.1 percent for the defined benefit plan and health insurance premium benefit, and 0.5 for the long term disability plan. The LTD rate has remained steady the past five years.

The overall increase is primarily due to past improvements to the benefit package, low historic contribution rates, low mid-term investment returns, and changing member demographics. Improved investment performance over the past two years has helped mitigate larger increases in the contribution rate. Projections continue to show the rate increasing slightly over the next several years, peaking at about 10 percent in 2012 and then beginning a slight downward trend.

#### New Supplemental Retirement Savings Plan offered through ASRS

The Arizona State Retirement System will offer a new program next year that will allow eligible active members to save additional money for retirement.

The new plan will be called the Supplemental Retirement Savings Plan and is qualified under Section 401(a) of the Internal Revenue Code. The SRSP allows eligible members to contribute tax-deferred money into an account that can be drawn upon in retirement.

The ASRS Board of Trustees at its November 17 meeting selected Nationwide Retirement Solutions as the administrator of the new plan. Under Nationwide, one of the largest financial services companies in the United States, SRSP participants will have access to high-quality customer service, including telephone and web

access to accounts, and investment choices. On December 15, the Board approved a finalized Plan Statement, which set the eligibility, administration and oversight provisions of the new plan.

Participants may elect to defer up to 100 percent of pay or \$45,000, whichever is lower. This limit is higher than limits for the 457 or 403(b) plans offered to many ASRS members. In addition, the SRSP permits loans to members, which many 457 and 403(b) plans do not.

The SRSP is offered in addition to the ASRS Defined Benefit Plan, the primary pension plan that provides members a lifelong income upon retirement. To be financially secure during retirement, however, it is suggested that individuals have other income sources, such as Social Security, and personal savings. The SRSP may be a convenient, regular way to augment personal savings for some members.

The ASRS anticipates beginning employer sign-up of the program in early 2007, with employee enrollment beginning in the spring. Details of the SRSP plan, including eligibility requirements, will be made available to employers and members in the coming weeks.

The SRSP program will be offered voluntarily to ASRS employer partners. Members will be eligible to participate only if their employer signs up for the new plan. The Arizona Department of Administration is planning a similar program for state and university employees, who will not be eligible for the ASRS SRSP program.

## **New educational meetings offered to inform, assist members**

The Member Services Division of the ASRS conducts educational meetings available to all members. Whether you're newly hired and want to learn about the benefits available to you, or you're ready to retire and want assistance filling out your paperwork and making annuity selections, the ASRS has a meeting for you.

### **Know Your Benefits**

This meeting is especially beneficial to new members. You'll learn about the many benefits of belonging to the Arizona State Retirement System, including a history and overview of the ASRS, how your pension is calculated and how to maximize your future benefit, member responsibilities, disability and survivor benefits, options should you leave ASRS employment, and more. Also covered will be the Service Purchase benefit, in which a member may purchase, under certain circumstances, time they worked under other qualified employer plans.

### **Getting Ready to Retire**

This meeting is vital for members who are planning to retire within a year. You'll learn about your pension benefit and how it's calculated, options for retiree health insurance and other benefits, return to work options and more. Members who register for this meeting will receive a personal benefit estimate and assistance in filing out the proper paperwork.

Visit our website and click on the Calendars section to see a full listing. Reservations are required and can be made by calling the Member Service Advisory Center at (602) 240-2000 in Phoenix, (520) 239-3100 in Tucson, or (800) 621-3778 outside Phoenix and Tucson.

## **ASRS receives Public Pension Standards award**

The Arizona State Retirement System has received the Pension Standards Award for 2006 from the Public Pension Coordinating Council. The award recognizes the ASRS for "meeting professional standards for plan design and administration."

The standards, as set forth by the PPCC, cover such areas as benefits provided, funded status, plan valuation, investment policies and member communications.

The application process also notes that the ASRS obtains an independent audit of its financial statements and an outside actuarial valuation of the system, as well as the compilation of an annual report that meets the professional standards set forth by the Government Finance Officers Association.

The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement.

## **ASRS Board & Committee Meetings**

### **ASRS Board of Trustees**

Friday, February 16, 2007, 8:30 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 10<sup>th</sup> floor Board Room.

### **Operations Committee**

Thursday, January 25, 2007, 10:30 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 14<sup>th</sup> floor.

### **Investment Committee**

Wednesday, February 7, 2007, 5:30 p.m. – ASRS Phoenix office, 3300 N. Central Ave., 14<sup>th</sup> floor.

### **External Affairs Committee**

Date to be determined – ASRS Phoenix office, 3300 N. Central Ave., 14<sup>th</sup> floor.

*Note: All Board & Committee meetings are open to the public and your attendance is encouraged. Schedules, agendas and minutes of meetings are posted on our website and are available at our Phoenix and Tucson offices.*